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FISCAL IMPACT STATEMENT

LS 7138

BILL NUMBER: HB 1618

NOTE PREPARED: Dec 30, 2004

BILL AMENDED:

SUBJECT: Funding for Center for Coal Technology Research.

FIRST AUTHOR: Rep. Stilwell

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires an electric distribution utility to annually certify to the Utility Regulatory Commission and the Department of State Revenue (Department) the utility's coal-generated electricity ratio for the ensuing calendar year. It provides that the ratio equals: (1) the amount of retail electric service generated from the utility's coal-fired generating facilities; divided by (2) the total amount of retail electric service provided by the utility; during the 12 monthly billing cycles preceding the date of certification. The bill requires a utility to collect a monthly coal technology fee from all retail customers. It provides that the amount of the fee equals: (1) \$0.000049 per kilowatt hour of electricity consumed by the customer; multiplied by (2) the utility's coal-generated electricity ratio.

The bill requires a utility to remit the fees collected to the Department. It requires the Budget Agency to create a Coal Technology Fee Account within the Coal Technology Research Fund for the receipt of the fees. The bill provides that money in the account may be spent by the Center for Coal Technology Research for administrative and research expenses and to provide matching funds for federal clean coal technology programs. It also limits the amount spent for research and administrative expenses to \$500,000 in a fiscal year.

Effective Date: Upon passage.

Explanation of State Expenditures: This bill requires: the Budget Agency to create a Coal Technology Fee Account in the Coal Technology Research Fund; the Indiana Utility Regulatory Commission (IURC) to adopt emergency rules; and the Department of State Revenue (DOR) to collect the Coal Technology Fee. Each agency should be able to absorb any additional administrative expenses given their current budgets.

Explanation of State Revenues: The bill sets the Coal Technology fee at \$0.000049 per kilowatt hour of electricity that is consumed in Indiana and generated from coal. Approximately 94% of electricity consumed in Indiana is generated from coal. Using electricity consumption data from the United States Department of Energy and the IURC, it is estimated the fee could generate between \$4.0 M and \$4.5 M a year. The actual amount of revenue to be generated is dependent on the level of consumption reported by the electric utilities, who are responsible for collecting the fee and remitting it to the DOR. The revenue generated from this fee is to be deposited in the Coal Technology Fee Account within the Coal Technology Research Fund.

The Coal Technology Research Fund is to be used for operating the Center for Coal Technology Research, however, no appropriations have been made to the fund since its inception in 2002. Revenue generated from the Coal Technology fee is to be used by the Center for the following: fund coal technology research, recover administrative expenses in the operation of the Center, and provide matching funds to receive federal money for clean coal technology projects. The bill specifies that no more than \$500,000 may be spent on research and administrative expenses.

Explanation of Local Expenditures: This bill requires municipal electric utilities to collect the Coal Technology Fee. Any additional administrative expenses should be absorbed within the level of their current budgets.

Explanation of Local Revenues:

State Agencies Affected: State Budget Agency, Department of State Revenue, Indiana Utility Regulatory Commission, and the Center for Coal Technology Research .

Local Agencies Affected:

Information Sources: Energy Information Administration, Department of Energy, www.eia.doe.gov; 2004 Electric Report to the Regulatory Flexibility Committee of the Indiana General Assembly, IURC.

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